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**BRITISH AMERICAN BANK NOTE
COMPANY LIMITED**

ANNUAL
REPORT
1963

BRITISH AMERICAN BANK NOTE COMPANY LIMITED

Directors

CHARLES S. BAND
Toronto

G. HAROLD BURLAND, M.C., C.D.
Ottawa

ROSS CLARKSON
Montreal

GORDON FARRELL
Vancouver

Hon. GEORGE B. FOSTER, M.B.E., Q.C.
Montreal

BARRY GERMAN
Ottawa

Hon. JEAN RAYMOND, Q.C.
Montreal

A. MURRAY VAUGHAN
Montreal

Mrs. L. M. VAUGHAN
Montreal

RICHARD P. WHITE, O.B.E., V.R.D.
Ottawa

Officers

President

Vice-President and
Comptroller

Vice-President and
General Manager

Asst. General Manager

Secretary-Treasurer

Asst. Secretary-Treasurer

A. MURRAY VAUGHAN

G. HAROLD BURLAND

RICHARD P. WHITE

K. S. SARGENT

W. H. TAYLOR

J. M. BRADY

Toronto Office Manager

Montreal Office Manager

Ottawa Office Manager

GEORGE FOX

R. BROCK YOUNG

R. F. BLANDFORD

Transfer Agent

The Royal Trust Company

Montreal and Toronto

Registrar

Montreal Trust Company

Montreal and Toronto

Auditors

Touche, Ross, Bailey & Smart.

Ottawa

BRITISH AMERICAN BANK NOTE COMPANY LIMITED

ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Shareholders:

Your Directors submit herewith Financial Statements for the year ending December 31, 1963, as submitted by the Company's Auditors, Messrs. Touche, Ross, Bailey & Smart.

We are pleased to report Sales for the year showed a satisfactory increase over the preceding year and were the largest in the history of the Company.

Earnings before Income Taxes for the year 1963 amounted to \$990,315 compared with \$877,496 for the preceding year. Provision for Income Taxes amounted to \$490,000 against \$432,881 in 1962, an increase of \$57,119. The Net Profit for the year was \$500,315, or \$3.335 per share compared with the 1962 result of \$444,615, or \$2.96 per share.

During the year quarterly dividends of 50¢ per share were paid, with an extra 70¢ per share in December. Total dividends amounted to \$2.70 per share, an increase of 20¢ per share over the previous year.

The year ended with Current Assets of \$2,553,959 and Current Liabilities at \$346,272. Working Capital of \$2,207,687 was \$55,144 higher than a year ago.

The Company, as in the past, has continued its policy of spending substantial amounts on research and modernization of equipment.

A contributory pension plan covering employees of the Company was commenced in 1942. In 1957 it was amended and improved allowing higher benefits for past service. A portion of this additional obligation was paid by the Company in annual instalments from 1957 to 1962, inclusive. With a view to saving interest charges the balance, amounting after taxes to \$70,337, was paid in 1963 and charged to Surplus Account.

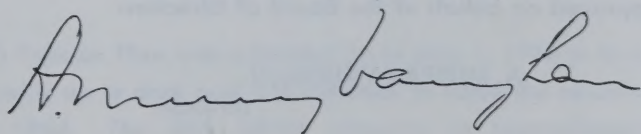
The Pension Plan was amended as at July 1, 1963 to bring past service credits up to date and it is intended to settle the resultant obligation in 1964. The cost, which amounts to approximately \$115,000 after giving effect to the reduction in income tax applicable thereto, will be charged to Surplus Account in 1964.

On April 30, 1963 The Honourable Jean Raymond, Q.C., prominent Montreal Industrialist, was elected a Director of the Company.

On November 15, 1963, your Company suffered a tragic loss in the sudden death of The Honourable Duncan K. MacTavish. Senator MacTavish was a member of your Board for eighteen years. We grieve his passing and will miss his valued counsel.

It is a pleasure to pay tribute to the loyal and efficient services of the Company's Officers and Employees.

Submitted on behalf of the Board of Directors.

A handwritten signature in dark ink, appearing to read "A. Murray Langdon", is written in a cursive style.

President.

February 4, 1964.

BRITISH AMERICAN

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BALANCE SHEET AS

ASSETS

CURRENT:

Cash on hand and in bank.....	\$ 140,980	
Accounts receivable.....	128,840	
Investments	1,656,661	
(Quoted market value \$1,650,993)		
Due from employees—subscriptions to Canada Savings Bonds	34,105	
Inventories of raw materials, work in process and finished stock, valued at the lower of cost or market and determined by physical count	593,373	\$2,553,959

PREPAID CHARGES.....	39,109
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FIXED—AT COST:

Building, land, plant, furniture, fixtures, equip- ment and engraved stock.....	3,780,601	
Less: Accumulated depreciation.....	2,970,649	809,952
		<u>\$3,403,020</u>

Approved on behalf of the Board of Directors:

A. MURRAY VAUGHAN,
Director.

G. HAROLD BURLAND,
Director.

BANK NOTE COMPANY

ED

DECEMBER 31, 1963

LIABILITIES

CURRENT:

Accounts payable and accrued charges.....\$ 186,157

Provision for taxes on profits..... 160,115 \$ 346,272

NET WORTH:

Capital Stock—Authorized and issued

150,000 shares of no par value..... 300,000

Earned surplus as shown by statement attached 2,756,748 3,056,748

\$3,403,020

NOTE:

The Company's Pension Plan was amended as at July 1, 1963 to bring past service credits up to date and it is intended to settle the resultant obligation in 1964. The cost, which amounts to approximately \$115,000 after giving effect to the reduction in income tax applicable thereto, will be charged to Surplus Account in 1964.

BRITISH AMERICAN BANK NOTE COMPANY LIMITED

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 1963

Profit from operations before deducting the expenses shown below		\$1,180,590
Depreciation on plant, buildings and equipment	\$ 165,473	
Executive remuneration.....	90,520	
Directors' fees.....	10,646	266,639
		<hr/>
Net profit from operations.....		913,951
Revenue from investments.....		66,554
Miscellaneous income.....		9,810
		<hr/>
		990,315
Provision for taxes on income.....		490,000
		<hr/>
Net income transferred to earned surplus.....	\$	<u>500,315</u>

STATEMENT OF EARNED SURPLUS AS AT DECEMBER 31, 1963

Balance at credit—January 1, 1963.....	\$	2,731,770
Net income for the year ended December 31, 1963.....		500,315
		<hr/>
Less:		3,232,085
Dividends paid on capital stock.....	\$ 405,000	
Lump sum payment relating to 1957 pension plan past service amendment, less income tax reduction applicable thereto.....	70,337	475,337
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Balance at credit—December 31, 1963.....		<u>2,756,748</u>

BRITISH AMERICAN BANK NOTE COMPANY LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

British American Bank Note Company Limited,
Ottawa, Ontario.

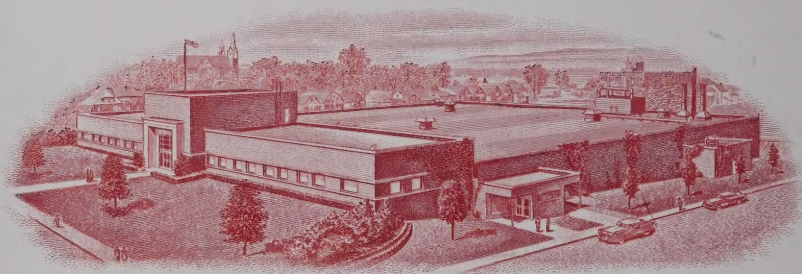
We have examined the balance sheet of British American Bank Note Company Limited as at December 31, 1963 and the related statements of income and surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the Company, the accompanying balance sheet and related statements of income and surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Company as at December 31, 1963 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TOUCHE, ROSS, BAILEY & SMART.

Chartered Accountants.

Ottawa, Ontario, January 24, 1964.



HEAD OFFICE AND PLANT
OTTAWA

BRANCH OFFICES

MONTREAL

TORONTO